

**Community Futures  
Lesser Slave Lake Region**

**Financial Statements**

**March 31, 2014**

# Community Futures Lesser Slave Lake Region

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Allan J. Grykuliak, C.A.\*  
Scott T. Mockford, C.A.\*

\* Operates as a Professional Corporation

## AUDITORS' REPORT

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### To the Members of Community Futures Lesser Slave Lake Region

We have audited the accompanying financial statements of the **Community Futures Lesser Slave Lake Region** which comprise the statement of financial position as at March 31, 2014 and the statements of capital asset fund, operations and change in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian audit standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparations and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

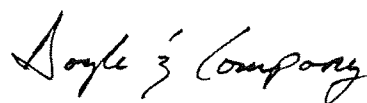
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Futures Lesser Slave Lake Region as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Edmonton, Alberta

May 28, 2014



Chartered Accountants

# Community Futures Lesser Slave Lake Region

## Statement of Financial Position

As at March 31, 2014

	Operating Fund \$	General \$	Investment Fund Disabled \$	Youth \$	Total 2014 \$	Total 2013 \$
<b>Current assets</b>						
Cash	247,980	-	-	-	247,980	95,644
Restricted cash (Note 2)	-	438,834	32,418	239,259	710,511	923,009
Investments (Note 3)	-	558,908	-	-	558,908	747,997
Accounts receivable	4,771	-	-	-	4,771	2,380
Prepaid expenses	1,700	-	-	-	1,700	3,600
Interfund receivable	-	22,608	-	2,815	25,423	27,836
	254,451	1,020,350	32,418	242,074	1,549,293	1,800,466
<b>Loans receivable (Note 4)</b>	-	2,047,109	24,178	38,588	2,109,875	1,671,055
<b>Capital assets (Note 5)</b>	17,594	-	-	-	17,594	22,098
	272,045	3,067,459	56,596	280,662	3,676,762	3,493,619
<b>Current liabilities</b>						
Accounts payable	17,203	-	-	-	17,203	10,272
Deferred contributions	25,830	-	-	-	25,830	-
Interfund payable	22,895	-	2,528	-	25,423	27,835
	65,928	-	2,528	-	68,456	38,107
<b>Repayable grants (Note 6)</b>	-	-	54,068	280,662	334,730	334,730
	65,928	-	56,596	280,662	403,186	372,837
<b>Fund balances</b>						
Unrestricted	(1,086)	-	-	-	(1,086)	(20,958)
Internally restricted fund (Note 7)	189,609	3,067,459	-	-	3,257,068	3,119,642
Invested in capital assets	17,594	-	-	-	17,594	22,098
	206,117	3,067,459	-	-	3,273,576	3,120,782
	272,045	3,067,459	56,596	280,662	3,676,762	3,493,619

Approved by the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

The accompanying notes form part of these financial statements.

# Community Futures Lesser Slave Lake Region

## Statement of Capital Asset Fund

For the year ended March 31, 2014

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	2014	2013
	\$	\$
<b>Fund balance, beginning of year</b>	<b>22,098</b>	24,526
Amortization	(5,233)	(6,194)
Capital asset additions	729	3,766
<b>Fund balance, end of year</b>	<b>17,594</b>	22,098

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The accompanying notes form part of these financial statements.

**Community Futures Lesser Slave Lake Region**  
**Statement of Operations and Change in Fund Balances**

**For the year ended March 31, 2014**

	Operating Fund	Investment Fund (Schedule 1)	Total 2014	Total 2013
	\$	\$	\$	\$
<b>Revenue</b>				
Contributions	309,963	-	309,963	309,963
Interest income	1,341	126,068	127,409	101,088
Technical and other income	2,089	-	2,089	8,605
	<b>313,393</b>	<b>126,068</b>	<b>439,461</b>	<b>419,656</b>
<b>Expenses</b>				
Bad debts (recovery)	-	(11,950)	(11,950)	3,782
Insurance	2,947	-	2,947	2,766
Interest and bank charges	474	592	1,066	1,115
Office	19,848	-	19,848	38,484
Professional fees	21,966	-	21,966	30,712
Publications and advertising	4,373	-	4,373	14,232
Rent	28,969	-	28,969	24,969
Repairs and maintenance	2,470	-	2,470	4,876
Telephone and utilities	14,451	-	14,451	17,101
Travel				
Board	5,546	-	5,546	6,183
Staff	11,518	-	11,518	12,841
Wages and employee benefits	180,230	-	180,230	220,515
	<b>292,792</b>	<b>(11,358)</b>	<b>281,434</b>	<b>377,576</b>
<b>Excess of revenues over expenses</b>	<b>20,601</b>	<b>137,426</b>	<b>158,027</b>	<b>42,080</b>
Fund balances, beginning of year	(20,958)	2,930,033	2,909,075	2,874,740
Interfund transfers	(729)	-	(729)	(3,766)
Transfer excess to repayable grants	-	-	-	(3,979)
<b>Fund balance, end of year</b>	<b>(1,086)</b>	<b>3,067,459</b>	<b>3,066,373</b>	<b>2,909,075</b>

The accompanying notes form part of these financial statements.

# Community Futures Lesser Slave Lake Region

## Statement of Cash Flows

For the year ended March 31, 2014

	2014	2013
	\$	\$
<b>Operating Activities</b>		
Cash received from grants	309,963	309,963
Cash received from interest and other income	127,107	108,233
Cash paid to suppliers and employees	(273,331)	(384,090)
	163,739	34,106
<b>Financing Activities</b>		
Increase in deferred contributions	25,830	-
Increase in repayable contributions	-	3,979
<b>Investing Activities</b>		
Decrease (increase) in investments	189,089	(12,968)
Additions in capital assets	-	(3,766)
Increase in loans receivable	(438,820)	(442,042)
	(249,731)	(458,776)
<b>Decrease in Cash</b>	<b>(60,162)</b>	<b>(420,691)</b>
<b>Cash, beginning of year</b>	<b>1,018,653</b>	<b>1,439,344</b>
<b>Cash, end of year</b>	<b>958,491</b>	<b>1,018,653</b>
<b>Cash is comprised of:</b>		
Cash	247,980	95,644
Restricted cash	710,511	923,009
	958,491	1,018,653

The accompanying notes form part of these financial statements.

# Community Futures Lesser Slave Lake Region

## Notes to the Financial Statements

March 31, 2014

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### **Purpose of the Organization**

The Community Futures Lesser Slave Lake Region is a community based non-profit corporation which supports the region's plans for community economic development and the generation of additional private sector employment. The corporation is incorporated under the Alberta Companies Act. These financial statements present the combined assets, liabilities and operations of all programs sponsored by the Community Futures Lesser Slave Lake Region. The corporation is exempt from income taxes under the Income Tax Act.

### **1. Significant Accounting Policies**

#### **a) Amortization**

It is the corporation's policy to provide for amortization of capital assets using the declining balance method at the following rates:

Office equipment	20%
Computer equipment	30%

#### **b) Investments**

Investments are recorded at fair market value.

#### **c) Revenue Recognition**

The corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### **d) Fund Accounting**

The operating fund accounts for the corporation's program delivery and administrative activities.

The investment fund has been established to have money available to provide loans to new businesses in the Lesser Slave Lake and surrounding areas.

#### **e) Financial Instruments**

The corporation's financial instruments consist of cash, investments, accounts receivable, loans receivable and accounts payable. Unless otherwise noted, it is management's opinion that the corporation is not exposed to significant interest or foreign currency risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The corporation is exposed to credit risk on the accounts receivable and loans receivable from its customers. In order to reduce its credit risk, the company has adopted credit policies which include an analysis of the financial position of its customers and the regular review of their credit limits.



# Community Futures Lesser Slave Lake Region

## Notes to the Financial Statements

March 31, 2014

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### 1. Significant Accounting Policies - continued

#### (f) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### 2. Restricted Cash

The cash held by the investment fund is restricted for the purpose of that fund, mainly the issuance of general, disabled and youth loans.

The portion of cash and investments held by the operating fund that is restricted is \$189,609 (2013 - \$189,609). This amount has been allocated to various projects and is included with internally restricted funds.

### 3. Investments

	2014	2013
	\$	\$
Guaranteed Investment Certificates	-	203,005
C-Flip Investment Funds	558,908	544,992
	558,908	747,997

The Guaranteed Investment Certificates have maturity dates of one year with annual interest rates of 1.3%.

The C-Flip (Community Futures Lending and Investment Pool) Investment are funds administered by The Recordkeeper Inc. and managed by Royal Trust. Of the invested funds 50% are available to be lent back to Community Development Corporations with the remaining funds invested in money market funds.

The C-Flip Investment was started in June, 2000 and is invested largely in bonds which, during the past year, averaged a rate of return of about 4%.

### 4. Loans Receivable

The Community Futures Lesser Slave Lake Region has a portfolio of 45 (2013 - 38) loans outstanding with no loan balance in excess of \$200,000. An allowance for doubtful accounts of \$215,846 (2013 - \$227,796) has been provided on specific accounts.

Outstanding loans to entrepreneurs are interest bearing at fixed rates varying from 2.0 - 6.5% above prime with monthly blended principal and interest repayments amortized for terms between 12 and 120 months. Security is taken on these loans as appropriate to the situation and includes personal guarantees, general security agreements covering business assets and mortgages on land and building.

# Community Futures Lesser Slave Lake Region

## Notes to the Financial Statements

March 31, 2014

**5. Capital Assets**

	2014			2013
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer equipment	28,214	22,668	5,546	7,038
Furniture and equipment	98,354	86,306	12,048	15,060
	126,568	108,974	17,594	22,098

**6. Conditionally Repayable Loan Funds**

	Disabled	Youth	Total 2014	Total 2013
	\$	\$	\$	\$
Initial grant	200,000	200,000	400,000	400,000
1/2 interest earned to March 31, 2001	17,948	1,850	19,798	19,798
Surplus to March 31, 2013	29,343	90,877	120,220	120,220
Loan write-offs	(193,223)	(20,245)	(213,468)	(213,468)
Approved transfers to operating	-	8,180	8,180	8,180
	54,068	280,662	334,730	334,730

Under the terms and conditions of the contribution agreement with Western Economic Diversification, the Conditional Repayable Loan Funds are repayable if any of the following conditions occur:

- i. The Conditionally Repayable Investment Fund is not administered according to the terms and conditions specified in the Agreement; or
- ii. Based on reviews and evaluations of the operations and the Conditionally Repayable Investment Fund of the Corporation, the Conditionally Repayable Investment Fund is not providing a satisfactory level of benefits in terms of employment creation, the development of Community-owned or controlled businesses, and strengthening of the western Canadian economy; or
- iii. In the opinion of the Minister, the Conditionally Repayable Investment Fund is no longer necessary or relevant to the development of the western Canadian economy; or
- iv. The Agreement is Terminated as described in Section 16; or
- v. An event of default occurs, as described in Section 17 of the Agreement; or
- vi. The Minister does not approve terms and conditions to extend the project beyond the completion date.

# Community Futures Lesser Slave Lake Region

## Notes to the Financial Statements

March 31, 2014

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### 7. Internally Restricted Fund Balances

These funds have been restricted by the Community Futures Lesser Slave Lake Region's Board of Directors and can only be used for purposes approved by the Board of Directors.

	2014	2013
	\$	\$
Projects Fund	140,434	140,434
Capital Replacement Fund	49,175	49,175
General Investment Fund	3,067,459	2,930,033
	<b>3,257,068</b>	<b>3,119,642</b>

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### 8. Economic Dependence

The Corporation receives almost all of its operating revenues from the federal government and is economically dependent upon it.

# Community Futures Lesser Slave Lake Region

## Schedule of Investment Fund Programs - Schedule 1

March 31, 2014

	General Investment \$	Disabled \$	Youth \$	Total 2014 \$	Total 2013 \$
<b>Revenue</b>					
Interest income	124,276	1,032	760	126,068	101,088
Technical and other income	-	-	-	-	986
	<b>124,276</b>	<b>1,032</b>	<b>760</b>	<b>126,068</b>	<b>102,074</b>
<b>Expenses</b>					
Bad debts	(11,950)	-	-	(11,950)	3,782
Interest and bank charges	592	-	-	592	476
Professional fees	-	-	-	-	2,507
	<b>(11,358)</b>	<b>-</b>	<b>-</b>	<b>(11,358)</b>	<b>6,765</b>
<b>Excess revenues over expenses</b>	<b>135,634</b>	<b>1,032</b>	<b>760</b>	<b>137,426</b>	<b>95,309</b>
Transfers surplus to repayable grants	-	(1,032)	(760)	(1,792)	(4,478)
<b>Excess revenues over expenses after Transfers</b>	<b>135,634</b>	<b>-</b>	<b>-</b>	<b>135,634</b>	<b>90,831</b>

The accompanying notes form part of these financial statements.